



DEPARTMENT OF COMMERCE

BUREAU OF INDUSTRY AND SECURITY

In the Matter of:)
)
Nelson S. Galgoul)
Av. Edison Passess 909)
Rio De Janeiro)
R.J., Brazil 20531-070)
)
Respondent)

ORDER RELATING TO NELSON S. GALGOUL

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Nelson S. Galgoul (“Galgoul”) of its intention to initiate an administrative proceeding against Galgoul pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to Galgoul that alleged that he committed one violation of the Regulations. Specifically, the charge is:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violation occurred between 1995 and 2007. The Regulations governing the violation at issue are found in the 1995-2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1995-2007)). The 2011 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

Charge 1 15 C.F.R. §764.2(d) – Conspiracy

From on or about March 1, 1995, and continuing through on or about February 28, 2007, Galgoul conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by agreeing to export an engineering software program from the United States to Iran via Brazil, without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of the Treasury (“OFAC”), before the engineering software program, an item subject to the Regulations³ and the Iranian Transactions Regulations (“ITR”)⁴, could be exported from the United States to Iran. Pursuant to Section 560.204 of the ITR, an export to a third country intended for transshipment to Iran is a transaction subject to the ITR. In furtherance of the conspiracy, Galgoul and his co-conspirators devised and employed a scheme under which they would market, sell, and service the engineering software program to Iranian clients through Galgoul, who was located in Brazil. In so doing, Galgoul committed one violation of Section 764.2(d) of the Regulations.

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WHEREAS, BIS and Galgoul have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that for a period of three (3) years from the date of entry of the Order, Nelson S. Galgoul, with a last known address of Av. Edison Passess 909, Rio De Janeiro, R.J., Brazil 20531-070, and when acting for or on his behalf, his representatives, assigns, agents, or employees (hereinafter collectively referred to as “Denied Person”), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be

³ The engineering software program is classified under Export Control Classification Number (“ECCN”) 8D992.

⁴ 31 CFR § 560 (1995-2007).

exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

SECOND, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;

- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

THIRD, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

FOURTH, that the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

FIFTH, that this Order shall be served on Galgoul and on BIS, and shall be published in the *Federal Register*.

This Order, which constitutes the final agency action in this matter, is effective immediately.⁵

Donald G. Salo, Jr.
Acting Assistant Secretary of Commerce
for Export Enforcement

Issued this 30th day of December, 2011.

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⁵ Review and consideration of this matter have been delegated to the Deputy Assistant Secretary for Export Enforcement.